

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

AMBAC FINANCIAL GROUP, INC.,

Debtor.

)
) Chapter 11
)
) Case No. 10-15973 (SCC)
)
)

**SECOND MONTHLY STATEMENT OF LAZARD FRÈRES & CO. LLC,
FINANCIAL ADVISOR AND INVESTMENT BANKER TO THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FROM JANUARY 1, 2011 THROUGH JANUARY 31, 2011**

Lazard Frères & Co. LLC, ("Lazard"), Financial Advisor and Investment Banker to the Official Committee of Unsecured Creditors (the "Committee") of Ambac Financial Group, Inc. in the above-captioned Chapter 11 case, as debtor and debtor in possession (the "Debtor"), hereby submits its Second Monthly Fee Statement (the "Monthly Statement") for the Period from January 1, 2011 through January 31, 2011 (the "Statement Period"). In support of this Monthly Statement, Lazard states as follows:

1. On November 8, 2010 (the "Petition Date"), the Debtor filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (this "Court"). The Debtor continues to operate its business and manage its properties as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2. On December 21, 2010, this Court entered that certain Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses for Professionals (the "Interim Compensation Order").

3. On December 21, 2010, this Court entered that certain Order Pursuant to sections 1103 and 328(a) of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014-1 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), authorizing the Committee to employ and retain Lazard Freres & Co. LLC as Financial Advisor and Investment Banker *nunc pro tunc* to November 22, 2010 (the "Retention Order").

4. This Court has jurisdiction over this Monthly Statement pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Judges of the United States District Court for the Southern District of New York (Ward, Acting C.J.), dated July 10, 1984. This matter constitutes a "core proceeding" as that term is defined in 28 U.S.C. § 157(b). Venue of the Chapter 11 Cases is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

5. In accordance with the Interim Compensation Order, Lazard hereby submits this Monthly Statement. The detailed itemization of services rendered and hours expended by matter and timekeeper are attached hereto as Exhibit A.

6. Lazard requests interim allowance of \$150,000.00¹, 80% of which is \$120,000.00 as compensation for professional services rendered for the period from January 1, 2011 through January 31, 2011 pursuant to its Engagement Letter. The detail underlying these fees is attached hereto as Exhibit A.

7. During the Statement Period, Lazard incurred expenses and other charges in the total amount of \$1,098.42, for which reimbursement is sought. These expenses and charges are summarized in Exhibit A.

8. Unless any such party objects to the Monthly Statement, in whole or in part, on or before 35 days from the date of service of this Monthly Statement, the Debtor shall be authorized to pay the requested fees and expenses to Lazard in accordance with the terms of the Interim Compensation Order without further order of this Court.

9. Lazard reserves the right to correct, amend, or supplement the Monthly Statement until such time as final compensation and reimbursement is sought from this estate.

Dated: New York, New York
February 22, 2011

LAZARD FRÈRES & CO. LLC


Ari Lefkovits

Director

LAZARD FRÈRES & CO. LLC

Financial Advisor and Investment Bankers to the
Committee

30 Rockefeller Plaza

New York, NY 10020

¹ Lazard was retained pursuant to the terms of its Engagement Letter dated August 1, 2010 (the "Engagement Letter").

EXHIBIT A

**Ambac Financial, Inc.
Monthly Fee Statement
Lazard Frères & Co. LLC**

January 1, 2010 - January 31, 2011

Fee Calculation

<u>Item</u>	<u>Amount Incurred</u>
Monthly Fees: January 1, 2011 - January 31, 2011	\$150,000.00
TOTAL	<u><u>\$150,000.00</u></u>

Summary of Out-of-Pocket Expenses⁽¹⁾

<u>Item</u>	<u>Amount Incurred</u>
Car Services and Taxis	\$294.14
Employee Meals	804.28
TOTAL	<u><u>\$1,098.42</u></u>

⁽¹⁾ Additional expense detail will be furnished upon request.

Ambac Financial Group, Inc.
Lazard Frères & Co. LLC
Summary of Services Rendered by Project

January 1, 2011 - January 31, 2011

Project #	Project Description	Jan
1	Interface with Professionals, Official Committees, and Other Parties-In-Interest	56.3
2	Business Operations Planning, Monitoring, Reporting and Analysis, and Projections	16.3
3	Preparation and/or Review of Court Filings	0.0
4	Court Testimony/Deposition and Preparation	0.0
5	Valuation Analysis	44.0
6	Capital Structure Review and Analysis	0.0
7	Merger & Acquisition Activity	0.0
8	Financing Including DIP and Exit Financing	0.0
9	General Corporate Finance, Research and Analysis, and Other Due Diligence	8.5
10	Fee Application, Engagement	0.0
11	Employee Retention Program	0.0
TOTAL		125.0

Summary of Services Rendered by Professional

Name	Jan
Arthur Bruhmuller, Director	22.8
Ari Lefkovits, Director	35.8
Galen Laserson, Associate	3.0
Daniel Bruijs, Financial Analyst	31.0
Justin Lux, Financial Analyst	7.5
Bradley Skaf, Financial Analyst	25.0
TOTAL	125.0

Ambac Financial Group, Inc.
Time Detail
Lazard Frères & Co. LLC
Arthur Bruhmüller - Director

Date:	Description of Work:	Hours:	Code
01/04/11	Call with UCC and counsel	1.0	1
01/04/11	Internal meeting	1.5	2
01/05/11	Internal meeting	1.0	2
01/06/11	Internal meeting and review of materials	0.5	2
01/06/11	Call with Counsel	0.8	1
01/07/11	Meeting with UCC member	3.0	1
01/11/11	Internal meeting and review of materials	0.5	1
01/11/11	Call with company advisors	0.8	1
01/12/11	Call with Counsel	1.0	1
01/12/11	Review of tax issues	0.5	2
01/13/11	Call with Counsel	1.0	1
01/13/11	Review of tax issues	0.3	2
01/14/11	Call with UCC and counsel and follow up	1.5	1
01/19/11	Meeting with Company and counsel	2.0	1
01/19/11	Call with counsel	0.5	1
01/20/11	Call with UCC	0.5	1
01/20/11	Calls with UCC members	0.5	1
01/20/11	Meeting with UCC and Company	3.0	1
01/21/11	Call with UCC	0.5	1
01/21/11	Review of term sheet	1.5	2
01/21/11	Call with company advisors	0.5	1
01/31/11	Call with counsel	0.5	1
January Hours		<u>22.8</u>	

Ambac Financial Group, Inc.
Time Detail
Lazard Frères & Co. LLC
Ari Lefkovits - Director

Date:	Description of Work:	Hours:	Code
01/04/11	Call with UCC and counsel	1.0	1
01/04/11	Internal meeting	1.5	2
01/05/11	Internal meeting	1.0	2
01/06/11	Internal meeting and review of materials	0.5	2
01/06/11	Call with Counsel	0.8	1
01/07/11	Meeting with UCC member	3.0	1
01/11/11	Internal meeting and review of materials	0.5	1
01/11/11	Call with company advisors	0.8	1
01/12/11	Call with Counsel	1.0	1
01/12/11	Review of tax issues	0.5	2
01/13/11	Call with Counsel	1.0	1
01/13/11	Review of tax issues	0.3	2
01/14/11	Call with UCC and counsel and follow up	1.5	1
01/19/11	Meeting with Company and counsel	2.0	1
01/19/11	Call with counsel	0.5	1
01/20/11	Call with UCC	0.5	1
01/20/11	Calls with UCC members	0.5	1
01/20/11	Meeting with UCC and Company	3.0	1
01/21/11	Call with UCC	0.5	1
01/21/11	Review of term sheet	1.5	2
01/21/11	Call with company advisors	0.5	1
01/23/11	Review of term sheet	0.5	2
01/23/11	Call with counsel	1.0	1
01/24/11	Internal meeting and review of materials	1.5	2
01/25/11	Calls with Counsel	0.5	1
01/25/11	Call with UCC	1.0	1
01/25/11	Internal meeting and review of materials	2.0	2
01/26/11	Meeting with Company and counsel	2.0	1
01/26/11	Review of term sheet	0.8	2
01/27/11	Call with counsel	0.5	1
01/27/11	Call with company advisors	0.8	1
01/28/11	Call with counsel	1.0	1
01/28/11	Call with Company	0.5	1
01/28/11	Review of term sheet	1.0	2
01/31/11	Call with counsel	0.5	1
January Hours		<u>35.8</u>	

Ambac Financial Group, Inc.
Time Detail
Lazard Frères & Co. LLC
Galen Laserson - Associate

Date:	Description of Work:	Hours:	Code
01/20/11	Prep Call with UCC	1.0	1
01/27/11	Reviewed Due Diligence Materials; Assembled Request List for DD Updates	2.0	9
January Hours		<u>3.0</u>	

Ambac Financial Group, Inc.
Time Detail
Lazard Frères & Co. LLC
Daniel Bruijs - Financial Analyst

Date:	Description of Work	Hours:	Code
01/04/11	Call with lawyers to discuss term sheets	1.0	1
01/04/11	Financial modeling and analysis	1.0	5
01/10/11	Financial modeling and analysis	1.0	5
01/13/11	Call to discuss term sheets	1.0	1
01/14/11	Call with the UCC	1.0	1
01/20/11	Call with UCC	1.0	1
01/22/11	Financial modeling and analysis	2.0	5
01/23/11	Financial modeling and analysis	2.0	5
01/23/11	Internal discussion	1.0	5
01/25/11	Call with lawyers to discuss term sheets	1.0	1
01/29/11	Financial modeling and analysis	9.0	5
01/30/11	Financial modeling and analysis	9.0	5
01/31/11	Call with Blackstone	1.0	1
January Hours		<u>31.0</u>	

Ambac Financial Group, Inc.
Time Detail
Lazard Frères & Co. LLC
Justin Lux - Financial Analyst

Date:	Description of Work:	Hours:	Code
01/13/11	Call to discuss term sheets	2.5	9
01/14/11	Call with the UCC	1.0	9
01/20/11	Call with UCC	1.0	1
01/28/11	Diligence, research and analysis	3.0	9
January Hours		7.5	

Ambac Financial Group, Inc.
Time Detail
Lazard Frères & Co. LLC
Bradley Skaf - Financial Analyst

<u>Date:</u>	<u>Description of Work:</u>	<u>Hours:</u>	<u>Code</u>
01/04/11	Call with lawyers to discuss term sheets	1.0	1
01/13/11	Call to discuss term sheets	1.0	1
01/14/11	Call with the UCC	1.0	1
01/20/11	Call with UCC	1.0	1
01/23/11	Internal discussion	1.0	5
01/25/11	Call with lawyers to discuss term sheets	1.0	1
01/29/11	Financial analysis	9.0	5
01/30/11	Financial analysis	9.0	5
01/31/11	Call with Blackstone	1.0	1
January Hours		<u>25.0</u>	

LAZARD

DEAL OPEN ITEMS BY CATEGORY

ALL EXPENSES

NYC04514 - Ambac

Currency: USD - US Dollar

EXPENSE TYPE	TRANS DATE	DESCRIPTION	BALANCE
OPENING BALANCE	1/1/1900		0.00
Car Services and Taxis			
	1/28/2011	Bruhmler-D 11/17/2010 12:01 Origin: 50 W 50 ST M Dest: 80 BROAD ST 10004 M / DIAL CAR INC	33.27
	1/28/2011	Bruhmler-D 11/24/2010 01:37 Origin: 49 W 49 ST M Dest: 25 FRUM AVE YONKERS / DIAL CAR INC	47.12
	1/25/2011	Harari-11/14-taxi hm to ofc (Sunday) 11/14/2010	9.50
	1/25/2011	Harari-11/14-taxi ofc to hm (Sunday) 11/14/2010	8.16
	1/25/2011	Harari-11/15-taxi office to home 11/15/2010	7.92
	1/25/2011	Harari-11/21-taxi hm to ofc (Sunday) 11/21/2010	9.40
	1/25/2011	Harari-11/27-taxi ofc to hm (Saturday) 11/27/2010	9.10
	1/25/2011	Harari-11/29-taxi ofc to hm-no receipt 11/29/2010	8.25
	1/28/2011	Kozack-D 12/12/2010 19:47 Origin: 50 W 50 ST M Dest: home M / DIAL CAR INC	28.83
	1/28/2011	Lux-D 11/17/2010 00:26 Origin: 49 W 49 ST M Dest: E 27 ST 10016 M / DIAL CAR INC	28.83
	1/28/2011	Skaf-D 12/04/2010 17:42 Origin: SEC W48/6AV M Dest: 26/7AV M / DIAL CAR INC	27.72
	1/28/2011	Skaf-D 12/07/2010 02:11 Origin: 49 W 49 ST M Dest: W 26 ST 10001 M / DIAL CAR INC	27.72
	1/28/2011	Skaf-D 12/09/2010 00:19 Origin: SEC 48/6AV M Dest: 26/7AV M / DIAL CAR INC	27.72
	1/26/2011	Skaf-NYC taxi office/home 12/14/2010	20.60
		Subtotal:	294.14
Employee Meals			
	1/24/2011	Bruhmler-LENNY'S XII 0046 NEW YORK NY 01/09/2011	15.00
	1/24/2011	Bruhmler-LENNY'S XII 0046 NEW YORK NY 12/19/2010	15.00
	1/13/2011	Bruhmler-M 01-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 02-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 04-JAN-2011 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 06-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 13-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 17-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 20-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 23-NOV-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 28-DEC-2010 Hattubana / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 04-DEC-2010 Energy Kitchen (/ SEAMLESSWEB PROFESSIONAL	11.78
	1/13/2011	Bruhmler-M 06-JAN-2011 Blake & Todd / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Bruhmler-M 07-JAN-2011 Fusha / SEAMLESSWEB PROFESSIONAL	20.00
	1/25/2011	Harari-11/14-dinn in ofc (Sunday) 11/14/2010	20.00
	1/13/2011	Kozack-M 01-DEC-2010 Fresco by Scottio / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 02-DEC-2010 Josie's / SEAMLESSWEB PROFESSIONAL	20.00

LAZARD

DEAL OPEN ITEMS BY CATEGORY

ALL EXPENSES

NYC04514 - Ambac

Currency: USD - US Dollar

EXPENSE TYPE	TRANS DATE	DESCRIPTION	BALANCE
Employee Meals			
	1/13/2011	Kozack-M 04-JAN-2011 Whym Restaurant / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 06-DEC-2010 Josie's / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 06-JAN-2011 Whym Restaurant / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 08-DEC-2010 Mangia (48th St. / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 09-DEC-2010 Blake & Todd / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 12-DEC-2010 Baluchi's (West) / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 13-DEC-2010 Mangia / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 16-DEC-2010 Mangia / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 19-DEC-2010 Ess-a-Bagel / SEAMLESSWEB PROFESSIONAL	15.25
	1/13/2011	Kozack-M 21-DEC-2010 Whym Restaurant / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 21-NOV-2010 Ess-a-Bagel / SEAMLESSWEB PROFESSIONAL	15.47
	1/13/2011	Kozack-M 22-NOV-2010 Mangia (48th St. / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 23-NOV-2010 Blake & Todd / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Kozack-M 29-NOV-2010 Blake & Todd / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Laserson-M 23-NOV-2010 Serafina at the / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Lefkovits-M 01-DEC-2010 An Urban Lobster / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Lefkovits-M 02-DEC-2010 Akdeniz / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Lux-M 16-NOV-2010 Shimbashi / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Silaski-M 22-NOV-2010 John's Shanghai / SEAMLESSWEB PROFESSIONAL	20.00
	1/26/2011	Skaf-ERNEST KLEIN & CO. 5 NEW YORK 01/05/2011	20.00
	1/13/2011	Skaf-M 04-DEC-2010 Energy Kitchen (/ SEAMLESSWEB PROFESSIONAL	11.78
	1/13/2011	Skaf-M 04-DEC-2010 Majestic Deli / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Skaf-M 06-DEC-2010 Pump Energy Food / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Skaf-M 15-DEC-2010 Pulse / SEAMLESSWEB PROFESSIONAL	20.00
	1/13/2011	Skaf-M 16-DEC-2010 An Urban Lobster / SEAMLESSWEB PROFESSIONAL	20.00
		Subtotal:	804.28

CLOSING BALANCE as of 1/31/2011 1,098.42

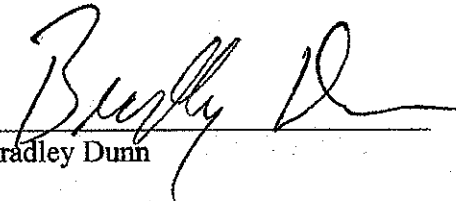
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Monthly Fee Statement has been served via Overnight Mail upon the parties listed below on this 22nd day of February 2011.

Ambac Financial Group, Inc.
One State Street Plaza
New York, NY 10004
Attn: David Trick

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, NY 10019
Attn: Allison H. Weiss

Office of the United States Trustee for the
Southern District of New York
33 Whitehall Street, 21st Floor
New York, New York 10004
Attn: Brian S. Masumoto


Bradley Dunn